

STATE WATER RESOURCES CONTROL BOARD  
BOARD MEETING SESSION – DIVISION OF FINANCIAL ASSISTANCE  
SEPTEMBER 22, 2005

**ITEM 2**

**SUBJECT**

AMENDMENT TO THE POLICY FOR IMPLEMENTING THE STATE REVOLVING FUND FOR CONSTRUCTION OF WASTEWATER TREATMENT FACILITIES (SRF POLICY) TO INCORPORATE SUSTAINABILITY OF WATER RESOURCES

**DISCUSSION**

The SRF Policy was adopted by the State Water Resources Control Board (State Water Board) on August 18, 1988, and last amended on January 22, 2003. The SRF Policy establishes the rules under which the State Revolving Fund (SRF) Loan Program provides low-interest loans for the construction of publicly-owned wastewater treatment and water recycling facilities.

SRF Loans have the potential to influence water and land use practices in both positive and negative ways. In January 2005 (Resolution No. 2005-0006), the State Water Board declared sustainability of water and environmental resources to be one of its core values.

On May 10, 2005, staff of the State Water Board's Executive Office and staff from the Division of Financial Assistance (Division) met with staff from a number of organizations involved in housing, transportation, and resource management on how to incorporate sustainability into the SRF Policy. On July 28, 2005, the Division circulated a draft of the proposed amendments to the SRF Policy for review and comment by interested and affected parties. Comments received on the draft amendments by August 30, 2005, have been reviewed and, where appropriate, incorporated in the draft SRF Policy amendments. Exhibit A describes the proposed changes to the SRF Policy in detail.

The proposed amendments to the SRF Policy are intended to integrate the concept of sustainability<sup>1</sup> into the SRF Policy consistent with the State Water Board's declaration. The SRF Policy changes are intended to ensure that while the SRF Loan Program continues supporting water quality improvement projects, it does not stimulate unintended or poorly planned growth. The proposed changes to the SRF Policy are based on existing State law, and do not create new land use requirements or regulate local government decisions.

**POLICY ISSUE**

Should the State Water Board approve the proposed Amendments to the SRF Policy?

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<sup>1</sup> "Sustainability" means balancing environmental, economic, and social factors in an equitable manner to maintain and protect the water resources needs of the present generation without compromising the ability of future generations to meet their own water resources needs.

**FISCAL IMPACT**

Confirming compliance with the new policy measures may require a negligible workload increase.

**REGIONAL WATER BOARD IMPACT**

None

**STAFF RECOMMENDATION**

That the State Water Board adopt a resolution approving the amendments to the SRF Policy.

STATE WATER RESOURCES CONTROL BOARD  
RESOLUTION NO. 2005-

AMENDMENT TO THE POLICY FOR IMPLEMENTING THE STATE REVOLVING FUND  
FOR CONSTRUCTION OF WASTEWATER TREATMENT FACILITIES (SRF POLICY) TO  
INCORPORATE SUSTAINABILITY OF WATER RESOURCES

**WHEREAS:**

1. The State Water Resources Control Board (State Water Board) adopted the SRF Policy on August 18, 1988, and last amended it on January 22, 2003;
2. The SRF Loan Program provides low-interest loan funding to finance projects intended to improve the quality of the State's waters;
3. SRF Loan Program's financing of capital projects has the potential to have a detrimental effect on water and land use resulting from unintended or poorly planned growth;
4. State Water Board Resolution No. 2005-0006 directs all Board programs to consider sustainability of water and environmental resources as a core value in the implementation of their programs and activities;
5. A Workgroup meeting was held with partner agencies and stakeholders on May 10, 2005, to solicit input on incorporating sustainability into the SRF Policy;
6. Interested and affected parties were notified of the proposed amendments and given the opportunity to comment on the proposed changes to the SRF Policy; and
7. Comments received on the draft amendment have been reviewed and, where appropriate, incorporated in the draft SRF Policy.

**THEREFORE BE IT RESOLVED THAT:**

The State Water Board approves the amendments to the SRF Policy.

CERTIFICATION

The undersigned, Clerk to the Board, does hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the State Water Resources Control Board held on September 22, 2005.

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Debbie Irvin  
Clerk to the Board

**EXHIBIT A**  
**PROPOSED AMENDMENTS TO THE SRF POLICY**  
**(Amended 9 September 2005)**

The following new definitions are proposed for Section III, Definitions. The definitions section will be re-lettered accordingly.

**“Land Use Element” is one of the seven mandatory elements of a General Plan required by Government Code Section 65302.**

**“Housing Element” is one of the seven mandatory elements of a General Plan required by Government Code Section 65302.**

**“Sustainability” means balancing environmental, economic and social factors in an equitable manner to maintain and protect the water resources needs of the present generation without compromising the ability of future generations to meet their own water resources needs.**

The following new text is proposed for Section IX.A, Project Report:

- 11. A description of how the applicant’s project addresses each of the state planning priorities defined in Section 65041.1 of the Government Code. The state planning priorities are intended to promote equity, strengthen the economy, protect the environment, and promote public health and safety in the state, including in urban, suburban, and rural communities. Applicants should use the most current state planning priorities as expressed in Section 65041. The state planning priorities as of the date of adoption of this Policy, are as follows:**
  - a. To promote infill development and equity by rehabilitating, maintaining, and improving existing infrastructure that supports infill development and appropriate reuse and redevelopment of previously developed, underutilized land that is presently served by transit, streets, water, sewer, and other essential services, particularly in underserved areas, and to preserve cultural and historic resources.**
  - b. To protect environmental and agricultural resources by protecting, preserving, and enhancing the state’s most valuable natural resources, including working landscapes such as farm, range, and forest lands, natural lands such as wetlands, watersheds, wildlife habitats, and other wildlands, recreation lands such as parks, trails, greenbelts, and other open space, and landscapes with locally unique features and areas identified by the state as deserving special protection.**
  - c. To encourage efficient development patterns by ensuring that any infrastructure associated with development that is not infill supports new development that uses land efficiently, is built adjacent to existing developed areas to the extent consistent with the priorities specified pursuant to subdivision (b), in an area appropriately planned for**

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**growth, is served by adequate transportation and other essential utilities and services, and minimizes ongoing costs to taxpayers.**

**The information provided in Section IX.A.11 is for information purposes only and is not intended to affect the priority or eligibility of a project requesting SRF funding.**

The following new text is proposed for Section IX.D, General Planning. The trailing subsections in Section IX will be renumbered accordingly.

**D. General Planning**

**If the applicant is responsible for adopting the general plan for the area affected by a proposed project, the Division may not give facilities plan approval for the project until the applicant's authorized representative has certified that the applicant has adopted the "land use" and "housing" elements of its general plan and that the project is consistent with the adopted general plan.**

**If the applicant is not responsible for adopting the general plan(s) for the area affected by the project, then the Division may not give facilities plan approval until the applicant's authorized representative certifies that at least seventy-five (75) percent of the area affected by the project includes cities and counties with adopted land use and housing elements. The applicant's authorized representative will also document that the applicant notified the agency(ies) responsible for adopting the plan(s) and provided a reasonable opportunity to comment on the project's consistency with the plan(s). The applicant's authorized representative will certify that the applicant considered those comments during development of the project.**